

ELLIS:LAWHORNE

John J. Pringle, Jr.
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January 6, 2006

VIA HAND-DELIVERY AND ELECTRONIC MAIL SERVICE

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211

RECEIVED
2006 JAN -6 PM 3:57
SC PUBLIC SERVICE
COMMISSION

RE: Application of Pac-West Telecomm, Inc. for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services, for Flexible Rate Structure for Local Exchange Exchange Service Offerings First Approved in Docket 97-467-C and for Alternative Regulation First Approved in Docket No. 95-661-C
Docket No. 2005-294-C, Our File No. 1072-10322

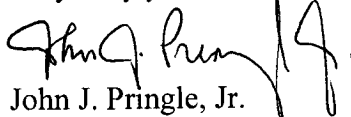
Dear Mr. Terreni:

Enclosed is the original and ten copies (10) copies of the **Settlement Agreement** filed on behalf of Pac-West Telecomm, Inc. and the Office of Regulatory Staff in the above-referenced docket.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it via the person delivering same.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,


John J. Pringle, Jr.

JJP/cr

cc: Brian McDermott, Esquire [via first-class mail service]
Lynne Martinez [via first-class mail service]
Office of Regulatory Staff

Enclosures

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-292-C
January 6, 2006

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SC PUBLIC SERVICE
COMMISSION

IN RE:

**Application of Pac-West Telecomm,)
Incorporated for a Certificate of)
Public Convenience and Necessity to)
Provide Resold and Facilities-Based)
Local Exchange and Interexchange)
Telecommunications Services in the)
State of South Carolina.)**

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Pac-West Telecomm, Inc., ("Pac-West" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, on September 23, 2005, the Company filed its application requesting a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange and interexchange telecommunications services throughout the State of South Carolina, flexible regulation for its local exchange services pursuant to Order No. 98-165 in Docket No. 97-467-C, and alternative regulation for its interexchange services pursuant to South Carolina Code § 58-9-585 (Supp.1999), as was first granted by the Commission in Order Nos. 95-1734 and 96-55 in Docket No. 97-467-C;

WHEREAS, on October 13, 2005, the Public Service Commission of South Carolina (the "Commission") issued a Notice of Filing and Hearing and set return dates

for the hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on January 9, 2005;

WHEREAS, the South Carolina Telephone Coalition ("SCTC") filed a Petition to Intervene in this matter on October 26, 2005;

WHEREAS, on November 30, 2005, Pac-West pre-filed testimony of John F. Sumpter with the Commission;

WHEREAS, on December 5, 2005 the SCTC filed a stipulation between SCTC and Pac-West;

WHEREAS, the purpose of this proceeding is to review the application filed by the Company and its request for a Certificate of Public Convenience and Necessity;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the application and the financial data provided by the Company, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by the Company and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by the Company;

WHEREAS, as a result of its investigations, ORS has determined a) the Company intends to offer voice services utilizing the traditional circuit-switched public network and using Internet Protocol to provide voice and data applications that interact with the traditional public switched networks and to offer these services throughout the state; b) the Company does not intend to offer prepaid calling cards; c) the officers of the

Company possess sufficient technical and managerial abilities to adequately provide the services applied for; d) based upon the information provided and the analysis performed, the Company appears to have the financial resources necessary to provide the services proposed in its application; e) certain revisions should be made to the Company's proposed tariffs in order to comply with Commission statutes and regulations; f) the services provided by the Company will meet the service standards required by the Commission; g) the provision of local services by the Company will not adversely impact the availability of affordable local exchange service; h) to the extent it is required to do so by the Commission, the Company will participate in the support of universally available telephone service at affordable rates; i) the provision of local and interexchange services by the Company will not adversely impact the public interest; j) and the Company has initiated negotiations or will initiate negotiations with one or more of the incumbent local exchange carriers for interconnection or commercial agreements applicable to services to be provided in South Carolina;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket.

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of Pac-West Witness John F. Sumpter who will be presented without cross-examination by ORS;

2) Pac-West agrees to submit into the record before the Commission revised tariffs in accordance with ORS recommendations;

3) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange and interexchange telecommunications services within the State of South Carolina;

4) ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regs. 103-610 (location of books and records), 103-631 (publication of directories), and any Commission rules or policies requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"), and the Parties agree to the reasonableness of a waiver of 26 S.C. Code Ann. Regs. 612.2.3 (Operating Area Maps);

5) ORS does not oppose the Company's request that the Commission allow it to employ a flexible local exchange rate structure as described in its application and as first authorized by the Commission in Order No. 98-165 in Docket No. 97-467-C; ORS does not oppose the Company's request that its interexchange services be subject to alternative regulation, pursuant to South Carolina Code § 58-9-585 (Supp.1999), as was first granted by the Commission in Order Nos. 95-1734 and 96-55 in Docket No. 97-467-C;

6) Pac-West agrees to resell the services of only those interexchange carriers or local exchange carriers authorized to do business in South Carolina by the Commission. Pac-West agrees to notify ORS and the Commission, in writing, if the Company changes underlying carriers;

7) When appropriate and upon request, the Company agrees to engage in good faith negotiations with non-Bellsouth incumbent local exchange carriers whose networks interconnecting with BellSouth at the same local tandem regarding traffic exchange;

8) Pac-West agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

9) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;

10) The Company agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, the Company agrees to adhere to the Federal Communication Commission rules 47 C.F.R. §§ 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, the Company shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

11) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center" also known as "911 service." The Company agrees to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating prior to initiating local service in South

Carolina and shall provide the 911 coordinator in each county and/or city with information regarding the Company's operations. Attached as Exhibit 1 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

12) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:
(1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
(2) economic development and job attraction and retention in South Carolina; and
(3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

13) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

14) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation;

15) This Settlement Agreement shall be interpreted according to South Carolina law;

16) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGE FOLLOWS]

WE AGREE:

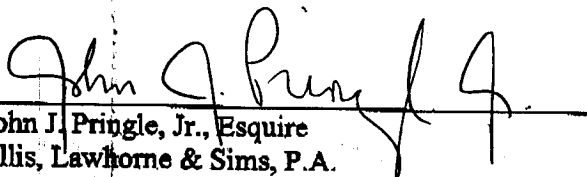
Representing the Office of Regulatory Staff



C. Lessie Hammonds, Esquire
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Post Office Box 11263
1441 Main Street (Suite 300)
Columbia, SC 29211
Phone: (803) 737-0803
Fax: (803) 737-0800
Email: lhammon@regstaff.sc.gov

WE AGREE:

Representing Pac-West Telecomm, Incorporated



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STATE OF SOUTH CAROLINA
State Budget and Control Board
 OFFICE OF RESEARCH & STATISTICS

EXHIBIT 1

MARK SANFORD, CHAIRMAN
 GOVERNOR

GRADY L. PATTERSON, JR.
 STATE TREASURER

RICHARD ECKSTROM
 COMPTROLLER GENERAL



HUGH K. LEATHERMAN, JR.
 CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT W. HARRILL, JR.
 CHAIRMAN, WAYE AND MEANS COMMITTEE

FRANK W. FUSCO
 EXECUTIVE DIRECTOR

REMBERT C. DENNIS BUILDING
 1000 ASSEMBLY STREET, SUITE 425
 COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers
 DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina 911 homepage at www.ors.state.sc.us/911/. If you have any questions related to 911 in South Carolina, you may contact 911 Coordinators at the Office of Research and Statistics at 803-734-3883. The person responsible for that can also be found on the 911 homepage. Please be aware that some cities may have their own 911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

ECONOMIC RESEARCH
 WILLIAM CHILDS
 (803) 734-5865

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 LEWIS LAFINE
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